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Dear Limited Partner:

It has been several months since my last letter. The reason for not sending a letter earlier is because there were no new developments to report. In the interim, many of you have contacted me directly with questions. Below is a general update on the status of the Funds.

As you will recall, the accounting firm Marcum was retained at the beginning of this year to perform an accounting and reconciliation of the Funds' accounts. The information supplied to Marcum, which was obtained from the Funds' former administrator, was not sufficient for Marcum to complete the task or reach any conclusion about the current status of the Funds, their assets or your capital accounts. We made further, unsuccessful efforts to obtain additional information from the Funds' former administrator. By March, Mr. Heckler concluded that he did not have the proper personnel or resources to do the extensive work required to reconcile all of the Funds' assets and capital accounts on a timely basis. Therefore, we decided to reach out directly to the SEC and offer our full cooperation and enlist their help with the reconciliation. We immediately began a series of meetings with the SEC and other federal agencies. They asked us to keep their investigation confidential so we have not been able to report much to you. Mr. Heckler has cooperated fully with all of the agencies involved to try to get to the bottom of this situation. As of this letter, we have met with the regulators three times. Mr. Heckler continues to offer his cooperation and assistance and our plan is to be patient and allow the government to complete its work.

As has been publicly reported, the Funds' former administrator was arrested in August. We have no additional information on this matter other than what is available publicly. As events unfold, if we learn of information in this matter that affects the Funds, we will report to you immediately.

As of the date of this letter, there are two pieces of litigation outstanding involving the Funds and their affiliates as either defendants or counterclaim plaintiffs. Both cases involve investments the Funds or their affiliates made over the past years. The ongoing legal expenses for these matters are being paid for personally by Mr. Heckler.

As always, if you have any questions, please contact me directly.

Very truly yours,

Lawrence G. McMichael